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M & A® CRITIQUE

THE WHYS AND THE HOWS

Re-organisation or Reduction of Capital - CONVERSION OF EQUITY SHARES INTO PREFERENCE SHARES

DEAL UPDATE
Grasim Industries' Scheme of Arrangement under Income Tax Purview

DEMERGER
Jasch Industries demerging Industrial Gauge division

ACQUISITION
HLE Glascoat acquisition of Thaletec GmbH. Will this acquisition help HLE to foray in Global Market?

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Global M&A Deal value has crossed the all-time high amounting to $4.4 trillion in the first nine months of 2021.India's Cross border deals were $90.4 Billion for the same period, circa 35% increase from last year and at a three-year high based on data from Refinitiv. Hopefully, it is due to the pending deals from last year gaining traction or new normal for time to come. Cross-border deals, in our opinion, should also rise with the recent re-rating by Moody's from negative to stable for India. Disinvestment including very bold and complex strategic sale of Air India from DIPAM, IPOs from many startups and consolidation seen in the Entertainment and Real estate business should drive more deals in the last quarter of this calendar year.

Our cover article is on Baramati Agro Limited merger scheme which is a composite scheme of merger as well as conversion of equity to preference shares for minority shareholders of the Transferee company. Despite objections by RD and RoC, NCLT approved the scheme of arrangement on the ground that that something which is not expressly prohibited under the law is permissible. In fact, the selective reduction of capital though can only be done through the scheme of arrangement under section 230 and not otherwise, but Honourable High Court and NCLAT also allowed selective reduction of capital under section 66 of the Companies Act, 2013.

Many companies have multiple businesses and are started at various stages depending on several factors. Over a period, one can notice some undertakings are doing better than others. JASH group has decided to separate their PU/PVC fabric manufacturing business and Industrial Gauge business by demerging the gauge business into its newly formed WoS. It is the second attempt to do the same after five years of withdrawing from a similar scheme.

We have covered Grasim Industries scheme filed in 2016 and update in 2017 on approval but it seems that the scheme has come under purview of Income Tax for non- compliant demerger. The income tax department earlier levied DDT and now capital gains on the same ground. We look at the questions and probable need to have more clarity in the law to facilitate M&A transactions and avoid unnecessary tax litigations.

Inorganic ways are one of the quickest ways to expand in different geographies, especially globally. To foray into global markets, HLE Glascott acquired 100% of Thaletec GmbH which will not only expand its product portfolio but will open a whole new market region for its existing business.

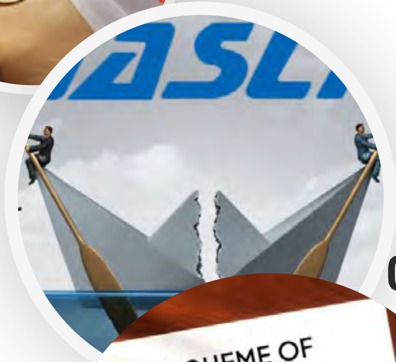
Along with our regular features

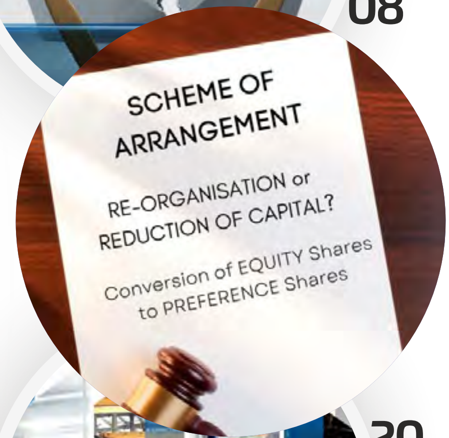
Happy Reading....

Dr. Haresh Shah

INSIDE

ADITYA BIRLA





SCHEME OF ARRANGEMENT
RE-ORGANISATION or REDUCTION OF CAPITAL?
Conversion of EQUITY Shares to PREFERENCE Shares

Building on Values!

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Grasim Industries' Scheme of Arrangement under Income Tax Purview

Padam Singh

In 2016, Board of Grasim Industries Limited ("GIL" or "Assessee"), Aditya Birla Nuvo Limited ("ABNL") and Aditya Birla Financial Services Limited ("ABFSL" or "ABCL") approved a composite scheme of arrangement of merger of Aditya Birla Nuvo Limited with Grasim Industries Limited followed by transfer of "Financial Services Business" received from through demerger to Aditya Birla Financial Services Limited.

The scheme was approved by NCLT (National Company Law Tribunal) on 1st June 2017, and merger became effective from 1st July 2017 and the Demerger of FSB (Financial Service Business) became effective from 4th July 2017.

As a result of the arrangement, consideration was issued by Grasim Industries Limited to the shareholders of Aditya Birla Nuvo Limited (for the merger) and by Aditya Birla Financial Services Limited to the shareholders of Grasim Industries Limited (for the demerger of Financial Services Business). Later, the name of Aditya Birla Financial Services Limited changed to Aditya Birla Capital Limited.

Orders by the Tax department

Any merger or demerger transactions are tax neutral provided the transaction comply with necessary provisions mentioned under the Income tax Act, 1961. In above-mentioned transaction, the Income tax Department issued demand notice challenging the tax neutrality of the transaction.

Merger or demerger transactions are tax neutral provided the transaction comply with necessary provisions mentioned under the Income tax Act, 1961.

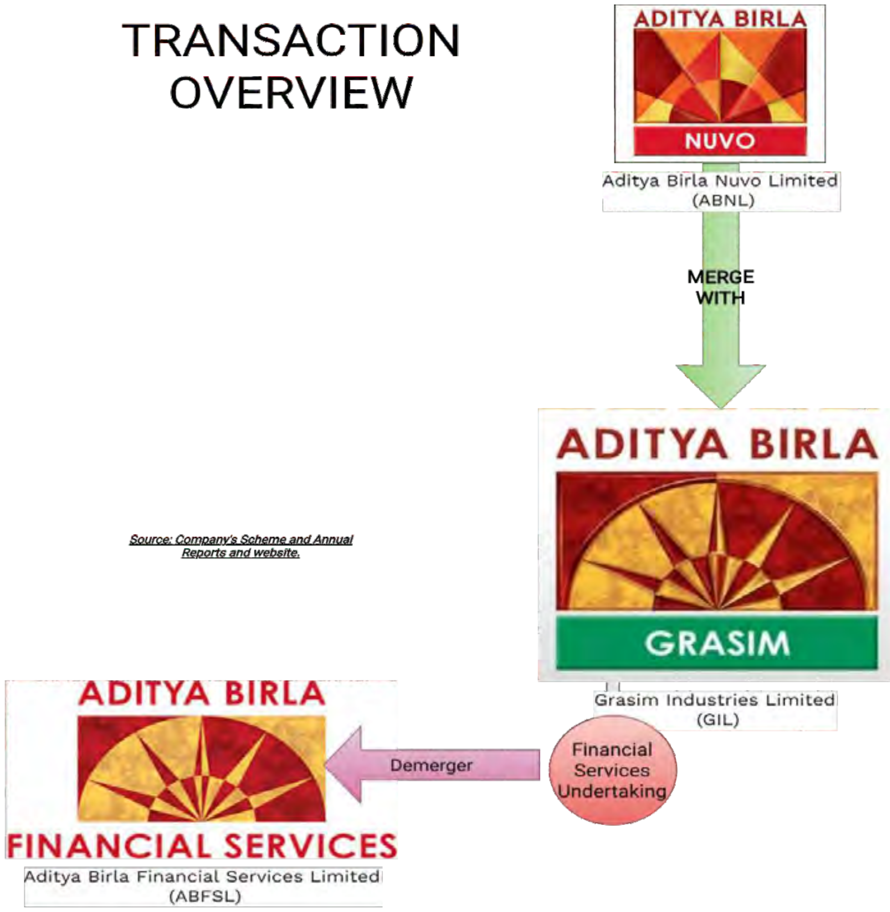
The departThe department earlier issued demand for DDT (Dividend Distribution Tax) ment earlier issued demand for DDT (Dividend Distribution Tax)

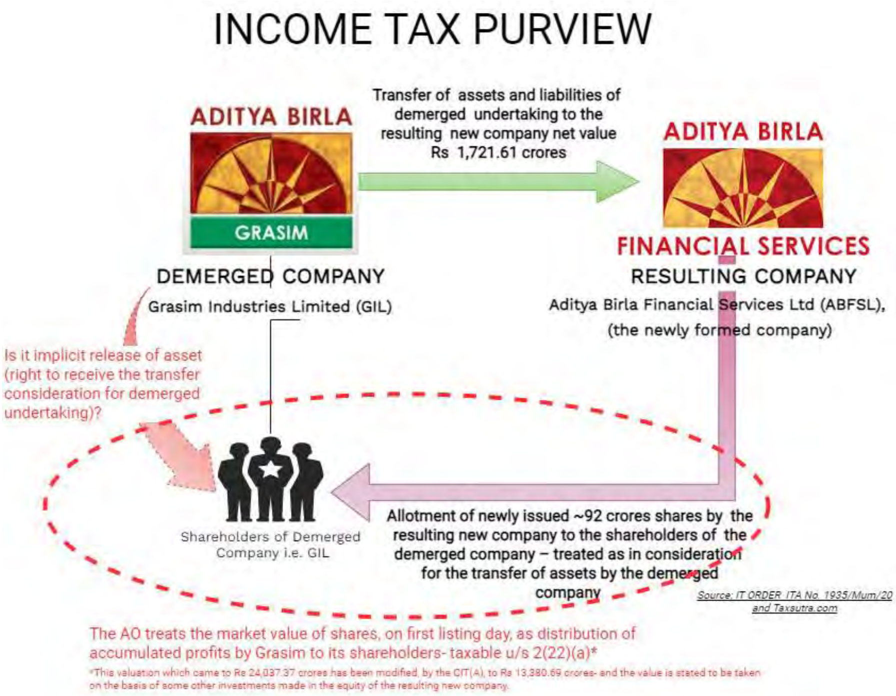
The assessing officer considered that this composite scheme of arrangement was not in accordance with the provision of section 2(19AA) of the Income Tax Act 1961, and ABCL merely transferred 92 Cr. shares to assessee under the guise of consideration for combination of assets and liabilities with net book value of Rs. 1,721 Cr.

Order under Sec 115-O

The assessing officer considered the non-qualified demerger as deemed dividend as distribution of assets under Section 2(22)(a). The Assessing officer-imposed tax on above transaction under Section 115-O of ₹ 5,872 crores including interest (DDT 4,893.44 and Interest 978.68) considering the market value of 92 crores shares on the listing date as fair value of shares issued i.e. ₹ 261.20 per share. CIT(A) confirmed and agreed to assessment order but gave relief in terms of fair value of shares reduced to ₹ 145 per shares based on recent transaction.

The DCIT (Deputy Commissioner of Income Tax) has in the course of regular assessment confirmed the transaction as disqualified demerger and considered issue of same shares as part of purported disqualified demerger as transfer of assets by GIL to its shareholders as liable to capital gains tax even though no consideration was received by the Company, The Learned DCIT has valued the shares issued by the Resulting Company (Aditya Birla Capital Limited i.e. ABFSL) at Rs. 24,037 Crore as the sale consideration for transfer of undertaking and has made the addition of capital gains of Rs. 22,772 Crore to the income of the Company as part of scrutiny assessment for the AY 2018-19 and has passed draft assessment order on 30th September 2021. Based on the draft Order, the demand for the AY 2018-19 is estimated at Rs. 8,334 Crore, including interest but excluding any penalty proceedings.





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Analysis

The tax department has not considered underlying large and flourishing business as good enough for definition of an undertaking as envisaged under Section 2 (19AA) and levied first DDT on GIL and now capital gain tax on the same transaction of issue of shares of ABFSL and interestingly both are based on different valuation.

Various points for consideration and debate are:

- Whether department can raise the demand now even though National Company Law Tribunal gave reasonable opportunity to object or raise its concerns before sanctioning the scheme of arrangement?

- Whether 'UNDERTAKING' underlying the shares of operational subsidiary company shall not be qualified as valid undertaking on a going concern basis?

- Whether department stand would have been different if the demerger would have been of the undertaking consisting small/minuscule similar business carried by GIL itself and along with shares of ABIFL are transferred?

- Whether levy of DDT and capital gain tax both is justified?

- In current scenario where dividend is taxable in the hands of shareholders, How the department would have levied and recovered dividend Tax?

- Whether department can value same shares differently while working out tax liability under Section 115-O and Section 143(3)?

- Whether in a genuine business transaction without any monetary gain and just different structure to hold the same business without any cash inflow can be made liable to tax?

Section 2(22)(a) deems release of asset out of accumulated profits in lieu of dividends. In the present case that is not the purpose and in fact, major shareholders including promoters continued to hold the shares and purpose is only to manage the business more efficiently and hence in commercial parlance cannot be equated as return given to shareholders by way of dividend. As regards to capital gain tax, GIL did not receive any consideration for transfer and not only that transfer is to the shareholders of GIL who already had similar beneficial interest in the shares of ABFSL shares even before the scheme of arrangement.

May be on strict interpretation of tax statute, the transaction may attract tax for GIL. However, commercially the transaction was necessity for the growth of businesses and invite foreign capital, thus, in our opinion provisions of the act needs to be streamlined.

Jasch Industries demerging Industrial Gauge division

Padam Singh

The global pressure gauge market has a total revenue of 1296.24 million USD in 2014 and increased to 1432.68 million USD in 2018. It is estimated that the market size of pressure gauge will be 1640.58 million USD by 2024 with a CAGR of 2.28% from 2018 to 2024.

The polymer coated fabrics market size is projected to reach USD 20.1 billion by 2024 from USD 16.3 billion in 2019, at a CAGR of 4.3%. The rising safety measures in the transportation application and stringent regulatory requirements for workers' safety are expected to drive the polymer coated fabrics market.

Jasch Industries Limited (JIL) is a listed company engaged in

i) Manufacturing, selling, importing, exporting, manipulate, treat process and deal in all types of polyitherenae, resin polyester and PU/PVC coated fabrics and technical textiles and deals in all kinds of equipment and machinery required to manufacture PU/PVC fabrics and other products; and

ii) Manufacturing of **industrial gauges and equipment** for the development of online measurement system.

Jasch Gauging Technologies Limited (JGTL) has been specifically incorporated as wholly owned subsidiary of JIL for the purpose of this transaction.

The transaction:

JIL file a scheme of arrangement for the demerger of its Gauges manufacturing undertaking into JGTL and reorganization of its paid-up share capital after demerger.

Rational of the transaction:

1. To attract/invite financial/strategic investors for the businesses.
2. Provide a scope for independent growth and expansion.

Is this restructuring a step towards succession planning since the JIL is owned and managed by the Jai Kishan Garg and his three sons?

Rationale for the reorganization of paid share capital (i.e. reduction of paid-up share capital without payment) is primarily to enhance/improve financial ratios.

Valuation and Swap Ratio:

Currently, the Resulting Company is a wholly owned subsidiary of the Demerged Company. Upon demerger, the shareholding pattern of the resulting company will mirror that of the demerged company in % terms. The resulting company JGTL will issue 2 equity shares of ₹10 each to the shareholder of JIL who holding 5 equity shares (i.e. 2 shares for every 5 shares).

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Reduction of Capital:

Post demerger, the paid-up equity share capital of JIL will reduce in proportion of net worth transfer to resulting company (JGTL). i.e. reduce same no. of shares as issued by resulting company.

Accounting treatment:

Accounting treatment for the transaction is done according to appendix 'C' of Ind As 103- 'Business Combination'.

Taxation:

The transaction is tax neutral transaction as per section 47(vi) read with section 2(19AA). There is no tax liability arises in the hands of shareholders and companies involved in transaction.

The Scheme provides for -

Transfer of Minimum Alternative Tax (MAT) Credit

As provided in para 12 of scheme the MAT credit related to demerged undertaking on the Appointed date shall be treated as MAT credit of resulting company. As in case of MAT credit, there is no explicit provision in income tax regarding carried forward of MAT credit to the resulting company like provide in sections 35AB(3), 35D(5A), 35DDA(3), 72A(4) etc. However, ITAT Ahmedabad in the case of Adani Gas Ltd, relying upon Supreme Court decision in Marshall Sons & Company India Ltd, allowed the transfer of MAT Credit to the resulting company, though at that point of time there was no MAT tax.

Capital reduction:

The scheme in para 16.4 provide that Post demerger the paid-up equity share capital of JIL will reduce in proportion of net worth transfer to resulting company (JGTL) by reducing no. of shares.

The question thus arises whether on reduction of no. of share, the capital loss allowed to shareholders or not?

In this regard, the Special Bench of the

Mumbai ITAT in *Bennett Coleman vs. ACIT TS-580-ITAT-2011* had disallowed a shareholder's claim for capital loss on reduction of share capital since the shareholder's percentage of shareholding, immediately before reduction of share capital and immediately after such reduction, remained the same. Also, there was no consideration received by the shareholder in lieu of reduction of share capital and hence, the Tribunal termed the shareholder's claim as merely a notional loss which was not allowed.

The Bangalore ITAT in case of Jupitar Capital Pvt. Ltd. v. ACIT (ITA No. 445/Bang/2018) the capital loss due to reduction of share capital allowed. However, in this case, it is pertinent to note that the assessee received some consideration on account of capital reduction, which is a different fact pattern, as compared to the Bennett Coleman case (Supra) wherein no consideration was received. For more details about taxation in case of capital reduction read our article publish May 2021 edition.

Further also note that whether shares issued by the resulting company pursuant to the demerger will be treated as consideration for reduction of shares?

It is not clear whether it will be treated as consideration for reduction of capital in demerged company. To avoid any litigation, one can consider reducing the face value of equity shares and then consolidating the shares as desire. Similar restructuring was done in the Scheme of demerger of Ortin Laboratories Limited into Vineet Laboratories Limited

Past Scheme of Demerger:

In 2016 JIL filed a scheme of demerger of the same division i.e. demerger of

as follow

Segment-Wise Financials for last 5 years

All Figs in ₹ Crores

2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue (PU/PVC Undertaking)	84.2	97.25	107.59	94.6	92.14
Revenue (Gauge Undertaking)	44.48	59.18	70.36	39.17	43.54
Other Income (PU/PVC Undertaking)	0.13	0.08	0.15		
Other Income (Gauge Undertaking)	1.03	1.16	1.31		
Results (PU/PVC Undertaking)	4.09	4.88	4.91	4.81	7.22
Results (Gauge Undertaking)	7.34	5.81	8.27	2.83	9.01
Assets (PU/PVC Undertaking)	59.54	68.48	68.48	66.82	66.93
Assets (Gauge Undertaking)	36.99	41.33	51.27	24.71	39.5
Liabilites (Gauge Undertaking)	80.62	84.4	88.88	81.69	23.85
Liabilites (Gauge Undertaking)	15.9	25.41	23.77	6.57	9.3
Assets-Turnover Ratio (times) (PU/PVC Undertaking)	1.41	1.42	1.57	1.42	1.38
Assets-Turnover Ratio (times) (Gauge Undertaking)	1.2	1.43	1.37	1.59	1.1

Chart: www.mnacritique.com • Source: Company's Annual Reports • Created with Datawrapper

Industrial Gauge Division but the scheme was withdrawn in 2017 from Hon'ble NCLT (NATIONAL COMPANY LAW TRIBUNAL) allegedly saying that post demerger both companies become too small, so the demerger is not beneficial for the stakeholders or company.

Financials

Brief segmental financial statements of last five years of JIL are in the above chart:

From the above chart it clear that gauge manufacturing division is doing good as compared to synthetic leather cloth and allied products division. The assets turnover ratio of synthetic leather cloth and allied products division is good as compared to gauge manufacturing division.

The same scheme (i.e. demerger of Gauge division) was withdrawn in 2017 saying that post demerger both the companies is too small to attract investors, so it is not beneficial for stakeholders or company. It is interesting that the turnover and assets of both the divisions in FY 2021 circa same as compared to FY 2017. Further there is no major expansion is done by the company except reducing liabilities. Further also note that the company diluted its entire stake in subsidiaries in the past and currently does not have any subsidiaries.

There is no clarity about the strategic reason for the scheme as both the divisions are too small. No doubt, there may not be any synergies between two businesses in terms of customers and manufacturing capabilities required. Under the circumstances, it is doubtful that it will end up creating any value for the company or its stakeholders.

Please share your experiences/feedback with us on feedback@mnacritique.com

HLE Glascoat acquisition of Thaletec GmbH. Will this acquisition help HLE to foray in Global Market?

Padam Singh

Glass-lined equipment is a corrosion-proof material that can be used for a host of processes from pharmaceutical production to specialty chemicals and polymers. Strong glass-lined equipment prevents materials exposed to harsh chemicals, such as acids, alkalis, water, and other chemicals, from becoming corroded and causing failures in the equipment. As a result, this type of equipment can maintain a long service life in environments where service conditions are difficult and other equipment would soon become unserviceable. According to planet market reports.com, over the next five years the Glass Lined Reactor/ Equipment market will register a 4.0% CAGR in terms of revenue, the global market size will reach US$ 610 million by 2024, from US$ 500 million in 2019.

HLE Glascoat Limited (HLE), formerly known as Swiss Glascoat Equipment's Limited, is a listed company. Company is based in the western part of India and is engaged in the businesses of manufacturing of Glass Lined Equipment, Other Engineering equipment and Chemical - Manufacturing of organic chemicals.

Thaletec GmbH (THALETEC) a German Company with limited liability, established in accordance with German laws and involved in the business of manufacturing of products with enamel technology and containers, apparatus and plant engineering. THALETEC has a manufacturing facility at Thale, Germany. THALETEC Currently employs over 160 persons. THALATEC has a wholly owned subsidiary, THALETEC USA Inc" incorporated under the laws of United States of America engaged in providing market development and market support services for THALETEC products in USA.

The Transaction

HLE will purchase 100% of the equity shares in THALETEC, from the Selling Shareholders. The consideration for the shares will be Euro 12 million (i.e., circa ₹103.50 crores) in cash. As a part of the deal, both companies have mutually agreed that THALETEC will continue to have its distinct brand identity and remain a separate business entity post the acquisition. The transaction is subject to

The transaction is subject to approval German Federal Ministry for Economic Affairs and Energy.

approval German Federal Ministry for Economic Affairs and Energy. After the acquisition, Dr. Reinemuth will continue to act as the Managing Director of THALETEC and Mr. Bergmann will act as the Advisor to THALETEC.

HLE will fund the transaction from internal accruals and surplus funds and raising of further funds as surplus cash as on 31st March,20221 is circa Rs 20 crores.

The Rational/objective of the transaction:

HLE acquire THALETEC with the objective to expand it footprint globally. The acquisition will enhance efficiencies and combine similar business interests for both the entities, resulting in operational synergies, streamlining and optimization of the businesses. The key reason is:

- To Integrate technology
- To expand territory
- To use expertise of THALETEC in marketing and after sale services.
- Use existing capacity of THALETEC to cater Europe and America market.

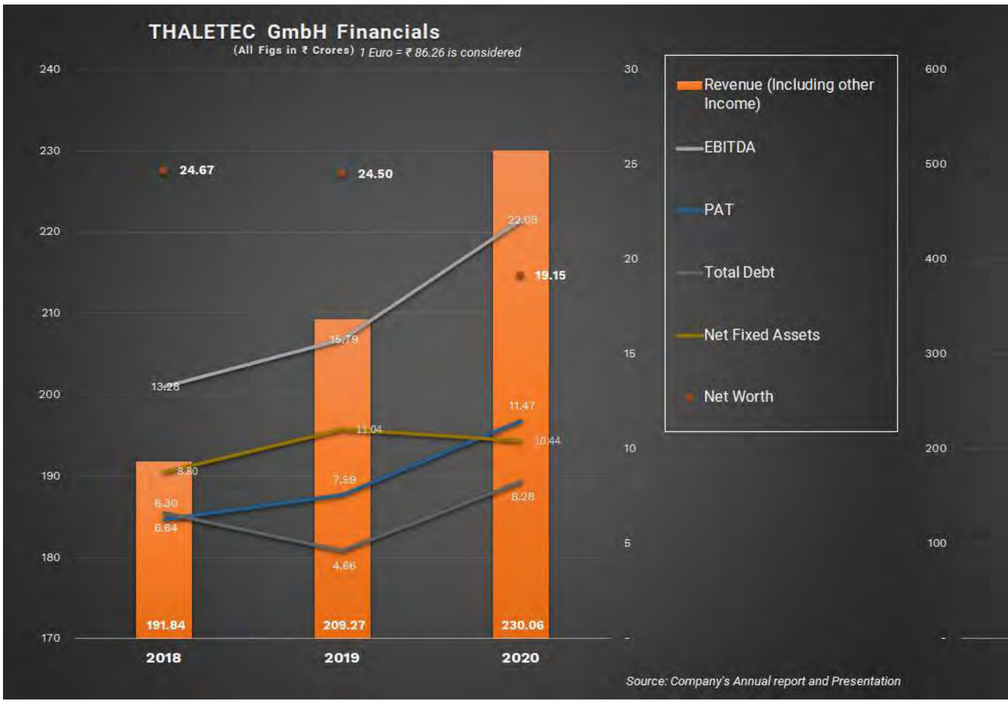
Past schemes of Business Restructuring and acquisitions:

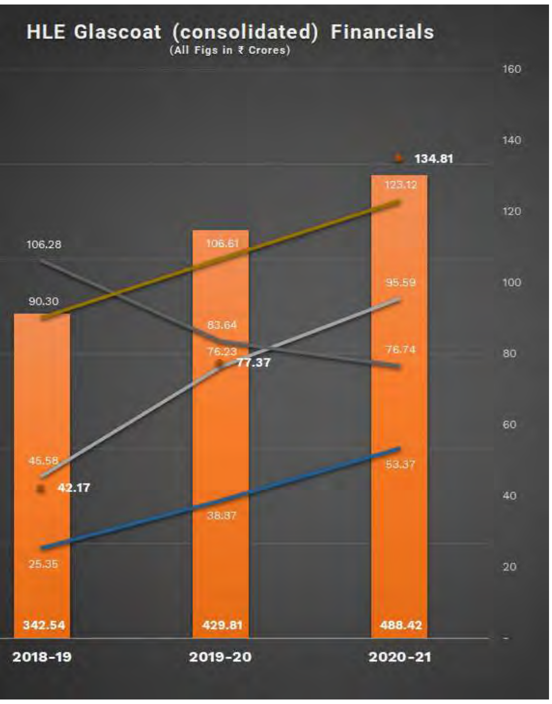
In 2016-17:

HLE Engineers Private Limited acquired 51% stake of Swiss Glascoat Equipments Limited (Present HLE) for ₹62 crores through the combination of open offer and share warrant. After acquisition, the name was changed to HLE Glascoat Limited. Post-acquisition, the HLE Engineers group aims to double the turnover to Rs 500 crore and increase exports substantially within 3 years, Patel said.

In 2018-19:

On 16th January 2019 board of HLE approved the Scheme of Arrangement





between HLE and HLE Engineers Private Limited (The holding Company) and Yashashvi Agrochemical Private Limited group company providing for (i) the Demerger of the Operating Business of HLE Engineers Private Limited along with 80% interest in partnership firm M/s H L Equipment's and vesting of the same into HLE; (ii) the Amalgamation of Yashashvi Agrochemical Private Limited with HLE Engineers Private Limited; with effect from 1st April 2018. The Scheme has been approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench vide its order dated 24th October 2019. Thus, we can say that HLE Engineers Private Limited lists its business by acquisition.

Financials

Brief financial of both the companies is on the left.

Asset's turnover ratio of THALETEC is higher because of highly depreciated assets and almost 50% of revenue from after sale services & refurbished/reline revenue.

The export turnover of HLE is insignificant as it is circa 5%-6% of its total revenue. HLE currently exports to 21 countries and has 7 sales offices around the world.

Valuation:

Consideration for the transaction is fixed circa at ₹103.50 crores (i.e., Euro 12 million). Consideration is 5.1 times of EV/EBITDA multiple and 9 times of PAT multiple.

Table 1: Valuation of THALETEC GmbH (All figs in ₹ Crores)

Particulars	THALETEC
Equity Value	103.51
Total Debt	8.28
Cash and Cash Equivalent	-
Enterprise Value	111.79
EV/EBITDA	5.10

The valuation is significantly lower than as compared to the GMM Pfaudler acquisition of Pfaudler Inc. GMM Pfaudler acquisition at 10x EV/EBITDA. (For more details about GMM Pfaudler Acquisition read this article). However, in GMM Pfaudler acquisition, the consideration partly in equity.

The way forward for HLE:

This acquisition of THALETEC will give HLE presence in European and American market including service centers in USA. As of now, the management of THALTEC will continue at least till complete integration and absorption in terms of technology and customers. Acquisition rationale is not only to use India as a low-cost sourcing hub for THALETEC to sell into Europe and America improving their margins, but also to acquire new customers, improve services revenue and have at least 33% + revenue from exports

Make in India initiative give a boost to manufacturing industry in India and India has become one of the most attractive destinations for

investment in the manufacturing sector. Further Government of India has taken several initiatives like PLI (Product Linked Incentive) scheme, to promote a healthy environment for the growth of the manufacturing sector in the country. To encase this opportunity and to expand globally the Indian manufacturing companies acquiring/collaborating with advance technology manufacturer. According to the management, the primary objective of the acquisition will be to leverage the marketing chain, post-sales service system, and certain technologies. Key to the value creation will be cultural integration as work force in India and Germany having different work culture. When the HLE acquired Swiss Glascoat in FY17, they visualised topline of RS 500 crores and substantial exports in 3 years. Though now HLE's topline is around 488 Crores, export contribution is insignificant. Let us see this time, they can achieve a better balance between local sales and exports.

Heimstaden buys European residential properties from Akelius for 93 billion crowns

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Sweden-based Heimstaden has agreed to buy rival Akelius Residential Properties' 599 properties in Germany, Denmark and Sweden for 92.5 billion Swedish crowns ($10.6 billion).

Heimstaden said that the properties - which contain 28,776 apartments, half of which in Berlin - have 2.8 billion crowns in annual rental income. The deal includes the company's first investment in Hamburg.

"We are growing our presence in markets where we have strong knowledge and experience, markets that share key attributes, such as supply/demand imbalance, favourable demographical trends, and growing economies," co-chief investment officer Christian Fladeland said.

"We are particularly pleased to grow and expand geographically in Germany, the largest and most mature residential market in Europe, and establishing a presence in Hamburg," he said in a statement.

The deal, which is subject to merger clearances, follows on a string of smaller portfolio acquisitions this year by Heimstaden across northern and central Europe.
Heimstaden said it would pay for Akelius' portfolio with a mix of cash at hand, new equity and a 65.7 billion crown bridge financing facility with a 2-year maturity. Deutsche Bank served as financial adviser to Heimstaden.

Akelius had announced in June that it was considering selling its mature properties in the three countries.

Jubilant Foodworks acquires 25% stake in nutrition company Wellversed

Jubilant Foodworks Ltd (JFL), a quick service restaurants operator and master franchise of brands such as Domino's Pizza and Dunkin' Donuts said it has acquired 25 per cent stake in Gurugram-based nutrition company Wellversed Health.

The company would invest Rs 10 crore in Wellversed in two tranches, said JFL in a regulatory update.

The first tranche of Rs 6.5 crore would be invested on the closing date as defined in the share subscription agreement and the second one of Rs 3.5 crore would be done nine months from the disbursement of the first tranche.

"This will be an investment by the company in Wellversed – a nutrition company offering a variety of food products tailored for specific nutrition and dietary needs including keto, gluten-free, vegan, high-protein, diabetic and immunity," said JFL.

Veranda acquires Edureka for ₹245 cr, deepens foray into edtech

Veranda Learning Solutions said it has acquired Edureka, a live-instructor-led online solutions provider for the IT industry, for ₹245 crore.

Veranda, in a statement, said it is planning an outlay of around $100 million for acquisitions over the next six months to "seize the opportunities opening up in the edtech space".

The acquisition of Edureka is the second buyout by the company since its launch in December 2020. Veranda had acquired Chennai Race Coaching Institute, a coaching institute for Banking, SSC and PSC exams.

The company has also launched programmes for CA and IAS aspirants this quarter, the statement said. The edtech space has seen strong growth globally, including in India, with the Covid-19 pandemic serving as an inflection point.

Edureka partners with premier Indian institutes like IITs, NITs and prominent international universities like Purdue to offer training in cloud computing, DevOps, AI/ML, data science, web development, cybersecurity and other emerging technologies in addition to its library of training resources.

It currently has more than one lakh subscribed learners who are trained by an over 500-strong instructor pool with a bouquet of around 300-course offerings.

"Veranda is in active discussion with multiple targets for acquisition to create a multi-modal platform that spans test prep, upskilling and supplemental education.

With the current acquisition, Veranda is poised to expand its footprint in Europe and the North American markets as well, Suresh added. Veranda is a comprehensive 360-degree online education platform.

It is building a unique online platform that will combine the best of technology, processes and methodologies to deliver high-quality content. Focused on academic outcomes for its students, it adopts a multi-modal delivery system backed by a rigorous and disciplined learning framework.

Zee Entertainment signs non –binding deal for merger with Sony Pictures India

The Board of Directors of ZEE Entertainment Enterprises Limited (ZEEL) unanimously provided in-principle approval for the merger between Sony Pictures Networks India (SPNI) & ZEEL.

SPNI will also infuse growth capital into SPNI as part of the merger such that SPNI has approximately $1.575 billion at closing, for pursuing other growth opportunities.

Basis the existing estimated equity values of ZEEL and SPNI, the indicative merger ratio would have been 61.25% in favour of ZEEL. However, with the proposed infusion of growth capital into SPNI, the resultant merger ratio is expected to result in 47.07% of the merged entity being held by ZEEL shareholders and the remaining 52.93% of the merged entity being held by SPNI shareholders.

In a statement, Zee said its board has evaluated the merger not only on financial parameters, but also on the strategic value which Sony brings to the table. The board concluded that the merger will be in the best interest of all the shareholders & stakeholders. The merger is in line with ZEEL's strategy of achieving higher growth and profitability as a leading media & entertainment company across South Asia. The board has authorised the management of ZEEL to initiate the required due diligence process.

The shareholders of Sony will hold a majority stake in the merged entity. The shareholders of ZEEL & SPNI have entered into a non-binding term sheet to combine both companies' linear networks, digital assets, production operations and program libraries.

The term sheet provides an exclusive period of 90 days during which ZEEL and SPNI will conduct mutual diligence and finalize definitive agreement. The merged entity will be a publicly listed company in India.

As part of the transaction, Punit Goenka will continue to be the managing director and CEO of the merged entity. Further, certain non-compete arrangements will be agreed upon between the promoters of ZEEL and the promoters of SPNI. According to the term sheet, the promoter family is free to increase its shareholding from the current 4% to up to 20%, in a manner that is in accordance with applicable law. A majority of the board members of the merged entity will be nominated by the Sony Group.

It is anticipated that the final transaction would be subject to completion of customary due diligence and execution of definitive agreements and required corporate, regulatory and third-party approvals, including the votes of ZEEL's shareholders.

ZEEL's strong expertise in content creation and its deep consumer connect established over the last 3 decades, coupled with SPNI's success across entertainment genres (including gaming and sports) will add significant value to the merged entity and its management team, thereby increasing shareholder value multifold.

Videocon insolvency: Lenders make U-turn, want fresh bids

After getting rapped for accepting Vedanta group's bid that would give just 5 per cent of their outstanding loans, lenders to Videocon Industries approached the insolvency appellate tribunal NCLAT seeking fresh bids for the debt-laden consumer durable firm.

Billionaire Anil Agarwal's Twin-Star Technologies had offered Rs 2,962 crore to takeover Videocon Industries, which was 4.15 per cent of the admitted claims of Rs 64,838.63 crore of lenders.

SBI, the leading lender of Videocon Industries, has approached the National Company Law Appellate Tribunal (NCLAT) requesting for a rebidding of the 13 companies of the debt-ridden group, on account of strong observations against Rs 2,962 crore takeover bid by Anil Agarwal's Twin Star Technologies.

SBI, on behalf of assenting creditors of Videocon, which represents 94.98 per cent voting had filed an application before the NCLAT requesting to remand back the matter to the Committee of Creditors (CoC) for reconsideration and allow to conduct a fresh process of inviting bids.

Even the NCLAT, while granting an interim stay over the resolution plan and NCLT approval, had said that there are "exceptional facts" into the matter.

Earlier on June 9, the Mumbai bench of the NCLT had approved Rs 2,962 crore takeover bid by Twin Star Technologies for the 13 companies of the debt-ridden group.

However, the NCLT order was stayed by the appellate tribunal on July 19 over the petitions filed by two dissatisfied creditors of the Videocon Group - Bank of Maharashtra and IFCI Ltd and had directed to maintain "status quo ante".

Filing a reply affidavit before the NCLAT, SBI said assertions have been made in the present appeals by the dissenting financial creditors about non-disclosure of their respective share of the liquidation value, which has resulted in them not being able to take a proper and prudent decision.

"The observations of the Adjudicating Authority (NCLT) and the Appellate Tribunal necessitated a reconsideration by the Assenting Financial Creditors of their decision to accept the haircut of 95 per cent," it said
In the affidavit filed through the AGM at Mumbai-based SBI Stressed Assets Management Branch said the Assenting Financial Creditors, majority of which are public sector banks and financial institutions dealing with public money, must give serious consideration and weightage to the observations of NCLT and NCLAT and propose to "reconsider its decision in larger public interest".

This is to ensure that public money is secured in the best possible manner.

Raymond board approves business consolidation to explore monetisation and deleverage business

Textile to engineering conglomerate Raymond announced an organisational restructuring plan in a bid to monetise its assets and deleverage its business.

The plan will see its fast-fashion business consolidating with the parent company and the auto components and tools and hardware businesses merging into its engineering division. Meanwhile, its nascent real estate division will be subsidiarised into a wholly owned company.

The company said that the reorganisation will improve synergies while giving an opportunity to monetise businesses and pare debt. Raymond Limited had a gross

debt of Rs 2,470 crore as of 31 March, as per research.

As part of the scheme, the tools and hardware and the auto components businesses will be merged into JK Files Limited, a wholly owned subsidiary of the company.

“We are consolidating the business to explore all options available to us for monetization, which will enable deleveraging leading to value creation,” Gautam Singhania, the chairperson of Raymond Limited said in a statement.

The company had in November 2019 announced the demerger of its apparel business held under the wholly-owned company Raymond Apparel Limited. The demerger scheme has been withdrawn and the lifestyle business will now be transferred to parent Raymond Limited to streamline the group's B2C businesses. It owns brands like Park Avenue, Color Plus and Parx.

“This move will strengthen efficiencies, streamline and simplify processes and bring in synergy benefits in terms of design and innovation, sourcing and retail network,” the company said in a statement Monday.

Raymond had ventured into the real estate development business through Raymond Realty to monetise its nearly 125-acre contiguous land parcel at Thane's Cadbury Junction.

Eupheus acquires ClassKlap to expand footprint

Eupheus Learning, a business-to-business (B2B) edtech startup, said it has acquired student personalization startup ClassKlap in an all-stock deal at a valuation of $19 million (approximately ₹140 crore).

Bengaluru-based ClassKlap, which also operates in the B2B edtech segment, is a school-based personalized curriculum programme adopted by more than 800 affordable private schools across India.

While Eupheus Learning has been focused on premium schools, ClassKlap has been dominant in affordable private schools with a technology application to personalize learning for school children.

The combined entity will now have a reach of 18,000 schools.

New Delhi-based Eupheus Learning last week said it had raised $10 million in a Series C funding from private equity firm Lightrock India.

The startup plans to use the funds to scale faster, expand its geographical reach and pursue acquisitions.

The startup was founded by Sarvesh Shrivastava, Ved Prakash Khatri and Kapoor in June 2017.

“In the K-12 school space in India, Eupheus Learning and ClassKlap have been dominant in their respective segments of premium and affordable private schools. With this integration, ClassKlap can unlock greater potential in the premium school segment," said Varun Kumar and Naveen Mandava, co-founders, ClassKlap.

“Moreover, with our personalization technology and learning analytics focus, our combined ability to transform classroom learning using student data can be massively scaled up," they added.

With the consolidation of ClassKlap, Eupheus Learning said LGT Aspada and Michael and Susan Dell Foundation

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will join its Captable along with its existing investors Sixth Sense Ventures, Yuj Kutumb, United Education Company (UEC) and Al Rayan Holding Company.

M2P fintech acquires credit card focussed startup Wizi

M2P fintech, an application programming interface (API) infrastructure company, announced the acquisition of Wizi, a credit card focussed startup.

Wizi's vision to democratize the credit card buying experience using its proprietary recommendation engine coupled with the programmable credit card stack of M2P augurs well for the roll-out of hyper-personalized credit card offerings in the Indian market, it said in a statement.

Venkatesan, Abishek, and Rajesh, the co-founders of Wizi with their deep domain experience will take up product leadership roles at M2P and will bolster the credit cards stack, it said.

Madhusudanan R, co-founder, M2P Fintech said that the company rolled out the programable credit card stack in March this year and in the first six months signed up over half a dozen banks.

“We realized most banks in the card issuance space did not have digital origination capabilities coupled with most incumbent products lacking basic mobile interfaces for customers to manage their credit card account, Wizi serves both these gaps elegantly. With their early traction, we are excited with the prospect of taking the platform capabilities to the top 50 banks in India and potentially take it to the rest of the world," said Madhusudanan.

Abishek and Rajesh said India has the potential to reach 100 million unique credit card users in the next three years and they hope to contribute meaningfully to help realize this vision by enabling every bank or fintech to get to market faster. The Fintech Meetup led by Abhishant Pant was the advisor for the transaction.

CCI approves Adani Ports and Special Economic Zone's 10 per cent stake-buy in Gangavaram Port

Fair trade regulator CCI approved acquisition of over 10 per cent stake in Gangavaram Port Ltd by Adani Ports and Special Economic Zone Ltd.

The 10.4 per cent equity shareholding would be acquired from the government of Andhra Pradesh, according to a combination notice filed with the regulator.

Adani Ports and Special Economic Zone is present across 11 domestic ports in six maritime states -- Gujarat, Goa, Kerala, Andhra Pradesh, Tamil Nadu and Odisha.

Gangavaram Port is engaged to own, develop and operate the deep-water port at Gangavaram, Andhra Pradesh, pursuant to a concession agreement on build-own-operate-transfer basis with the state government, the notice added.

Re-organisation or Reduction of Capital - CONVERSION OF EQUITY SHARES INTO PREFERENCE SHARES

Sanket Joshi

Baramati Agro Limited (Transferee Company) along with the Protrans Supply Chain Management Private Limited (Transferor Company 1) and Ag-Vet Genetics Private Limited (Transferor Company 2) sought the sanction of National Company Law tribunal, Mumbai Bench to the "Scheme of Amalgamation" and "Arrangement" as a part of one scheme under section 230 of the Companies Act, 2013.

Highlights Of the Scheme

1. As a first part, the scheme provides for merger of Transferor Companies with the Transferee Company pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and other applicable provisions.

2. In second part, the scheme provides for conversion of '**Series A**' equity shares of Transferee Company into **9% Non-Cumulative Optionally Convertible Redeemable Preference Shares (NCOCPRS)** of those Equity Shareholders as on record date fixed by the Company who are holding 250 or a smaller number of equity shares. The rationale for the same as mentioned in the scheme is to give better liquidity and returns to small shareholders and in fact it is being done at the request of some small shareholders.

As on 31st March 2019, Company has 3,60,59,649 "Series A" Equity shares of Rs. 10 Each. 52,48,614 'Series A' (14.55 %) Equity Shares of Rs. 10/- each (held by shareholders holding shares less than 250 each) would be converted in to 52,48,614 9% fully paid-up Non-Cumulative Optionally Convertible Redeemable Preference Shares of the face value of Rs.10/- each.

We try to analyse the decision of The Honourable NCLT in respect of arrangements with the small shareholders of the Transferee Company and taxation implication of such conversion through the scheme of arrangement under section 230 of the Companies Act, 2013.

Objections By the Regulatory Authorities: -

After filing scheme of merger with the Regulatory Authorities, Regional Director (RD) filed a report based on the report issued by Registrar of Companies (ROC) where RD has mentioned that except the point stated by ROC in his report, scheme is not prejudicial to the interest of shareholders and public. No other regulatory authorities like Official Liquidator, Income Tax Authorities have filed any objection against such conversion.

Against the conversion of Equity shares to Preference shares, ROC mentioned following points in the report submitted to RD –

Equity and Preference shares are different: -

Conversion of equity shares into preference shares is not permissible as its value, terms, rights are different and cannot be terms as same kinds of shares.

MCA Circular: -

Pursuant to circular issued by the MCA, conversion of equity shares into preference shares and vice versa was rejected by ROC, Delhi and hence such conversion may be considered undesirable.

Scheme is placed before members of the transferee company having only 48.45% of value which is not representing majority.

Response by Transferee Company

Shares remains shares only

Both equities share capital and preference share capital appear in the balance sheet under "Share Capital" and as per provisions of Section 43 of the Companies Act 2013 there can be only two classes of shares viz. Equity and Preference and combination of two depict the total share capital. Conversion equity to preference shares or vice versa will not have any impact on the paid-up capital of the Company, only nomenclatures will get changed.

Every procedure under the Act is permissible unless prohibited by the law –

Transferee Company referred the decision passed by the Apex Court in Special Leave Petition in Rajendra Prasad Gupta V/s Prakash Chandra Mishra & Orx where the court held that Courts are not to act upon principal that every procedure is to be taken as prohibited unless it is expressly provided for by the Code, but on the converse principal that every procedure is to be understood as permissible till it is shown to be prohibited by the law. As a matter of general principal prohibition cannot be presumed.

Terms and conditions of 9% Non-Cumulative Optionally Convertible Redeemable Preference Shares will be as follows –

Sr. No.	Particulars	Details
1	Face Value	Rs. 10
2	Term	10 Years
3	Redemption	Early Redemption is possible at the option of the Company only. Company may redeem shares as it may think fit in one or more installments at a price which would be at least equal to the face value of the shares or at premium at the option of the Company.
4	Conversion	The conversion of the shares will be at the option of the company and may be suitably decided by the company. The terms may be decided and modified as per the necessity. The each NCOCRPS of Rs.10/-each shall be converted into 1(one) Equity Shares (Series A) of Rs.10/-each at the option of the Company

Inclusive and wide meaning of word "Arrangement" –

Under section 230 of the Companies Act, 2013 scheme of compromise or arrangement is referred and **"Inclusive"** definition of word Arrangement is given under the said section.

In the judgment passed by Apex Court under Regional Director, Employees State Insurance Corporation V High land coffee works of P.F.X Saldhana & sons 1991 it is stated that, when a word is defined to mean something, the definition is prima facie restrictive and **where the word defined is declared to include a particular meaning the definition is prima facie extensive or inclusive.**

Transferee Company emphasized that conversion of one type of shares into another is not barred by the any provision of the law and such conversion only amounts to reorganization of share capital of the Company which is permissible under section 61 of the Companies Act, 2013. Further, scheme of compromise or arrangement may involve any type of reconstruction of share capital of the Company.

a. Hon'ble High Court in Vasan Investment Corporation Limited CA No. 178 of 1978 where it was held by the court that every alteration of the memorandum of association required under a scheme of compromise or arrangement cannot be looked upon as an ultra vires act. Under section 391 of the Companies Act, 1956 (Now Section 230 of the Companies Act, 2013) the court has very wide power of reconstituting the Company. **Purpose of the scheme of reconstruction is to make suitable alterations in the structure of the Company to enable it to make function.** Scheme can be sanctioned by the courts even if it is ultra vires to the provisions of the Chartered Documents of the Company.

b. The Division Bench of Punjab & Haryana High Court in the matter of Q.H Talbros Ltd. inter-alia observed that the term arrangement used in section 391 of the Companies Act, 1956 is of wide amplitude. Scheme of Arrangement required considerations of various enactments and adherence to various legal provisions not only under the Companies Act but also under other enactments. Various components from laws can constitute one composite scheme/arrangement under the section 391. **The legislature, therefore, advisedly did not restrict scope of the term arrangement by defining it. A view to the contrary would place an unwarranted fetter upon the activities of a company and restrict the choice of its members, creditors, debenture holders and other stakeholders.**

Administrative Instructions are not binding on the Courts

With regard to letter referred by the ROC, Transferee Company referred that as per the settled principle by the Hon'ble Supreme court in several cases the Government's clarification and circular are merely for the understanding of the statutory provisions and are not binding on quasi-judicial authorities and hence the said letter cannot be binding on the court or Tribunal unless the same are made part of substantive law or delegated legislation.

After taking into consideration report issued by the Registrar of Companies and the reply filed by the Transferee Company, Regional Director in its supplementary report stated that Regional Director is not convinced with the reply filed by the Transferee Companies with regard to MCA letter refereed by the ROC Pune viz. letter no, 03/08/2019. CL V dated 27th July 2020. Transferee Company also filed the affidavit in rejoinder.

Comments By NCLT

Considering the wider impact of allowing conversion of equity shares to preference shares NCLT asked for the comments from Ministry of Corporate Affairs (MCA) and RD for their comments on the proposed conversion and provided chance to submit written submission to the Transferee Company.

NCLT in its order has mentioned that the clarifications and undertaking given by the Transferee Company are accepted

Why conversion of equity shares into preference shall not be considered as capital reduction under section 66 of Companies Act, 2013?

Section 66 of the Companies Act, 2013 dealing with reduction of capital of the Company allows the company to reduce the share capital "in any manner", hence there may be reduction of share capital even without payment of any money to the shareholders.

In Brillio Technologies, the NCLAT (National Company Law Appellate Tribunal) held that the manner of reduction of capital provided in Sections 66(1)(a) and 66(1)(b) of the Act is a mere illustration and is not the only manner in which a company may reduce its share capital.

Reduction of capital can also be done through section 230 of the Companies Act, 2013. If the capital reduction is done through section 230, companies are not required to follow the procedure given under section 66.

In this scheme of arrangement, even though the equity shares are getting converted paid-up capital amount is remaining the same hence the same cannot be considered as a reduction of capital.

What can be the other alternatives instead of conversion of equity shares into preference shares

Transferee company could have also considered other options like conversion of equity shares into unsecured loan or debentures considering wide meaning of term "Arrangement" through the scheme of arrangement with the shareholders under section 230. Transferee Company

might have not selected these options because of the reasons like stricter provisions applicable for the public company on the amount of loan to be raised from the shareholders, stringent provisions given under Deposit Rules, effect on the Debt-Equity Ratio etc.

The ratio of the judgement is conversion of equity shares having preferential dividend rights getting converted into non-cumulative optionally convertible preference shares does not amount to reduction of equity share capital under the Companies Act. It is considered as reorganization of paid-up capital hence it falls within the provisions of section 230 of the Companies Act, 2013. Peculiar fact here is that the company has issued new shares of equivalent paid-up capital. However, if one sees optically, though it has shown as optionally convertible but in fact option for conversion is with the company and rights to change the terms of redemption is also with the company as a result it is win-win for the company and it is disadvantageous to the shareholders.

The decision provides for the exit to shareholders under the provisions of the section 230 for the shareholders of the transferee company. This part only relates to the shareholders of the transferee company only and hence it is in fact a separate scheme and no way connected on dependant on the first part of the scheme. In fact, the selective reduction of capital though can only be done through the scheme of arrangement under section 230 and not otherwise, but Honourable High Court and NCLAT also allowed selective reduction of capital under section 66 of the Companies Act, 2013 which in our opinion is not within the provisions of the said section. Conversion from equity shares into optionally convertible preference shares may have capital gain implications also on the shareholders.

Many companies have tried various methods to provide exit to such shareholders through capital reduction, buy-back, reorganisation of share capital etc. Every such method has its own pros and cons like large timeline involved, valuation requirements, approvals from various regulatory authorities, limit on the no. of shares for which exit to be given etc.

With the reference to this judgment, companies may obtain the approval of the NCLT to give exit equity shareholders not only by converting their equity shares into preference shares, but by proposing any other arrangement like conversion of equity shares into loan, debentures considering the wider meaning of word "Arrangement" accepted by the courts/NCLT etc.

10club makes first acquisition with baby care brand

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Thrasio-style venture 10club has made its first acquisition, My NewBorn, an ecommerce online business in the baby products category.

10club had raised $40 million - one of the largest seed rounds in India - in June.

Bhavna Suresh, cofounder of 10club, told ET that as part of the acquisition, My NewBorn's founders Rakesh and Abhishek Jain will join 10club as entrepreneurs in residence for a minimum of 24 months.

The founders will be paid a certain sum upfront and their entire team of 13 will join 10club, she added.

They will also receive a percentage of cash flow and profits from the business post-acquisition for a period of five years.

Founded last year by former Lamudi CEO Suresh, 22feet co-founder Deepak Nair and Class 5 Global co-founder Joel Ayala, 10club acquires ecommerce merchants who have built sustainable businesses on ecommerce marketplaces such as Amazon and Flipkart and accelerate their growth.

It focuses on sports, home accessories, and the baby and pet category.

My NewBorn is one of the top sellers in the category on Amazon India's marketplace, the company said.

The 10club team will harness insights from the brand's consumer shopping behaviour and usage patterns to expand its product portfolio.

Suresh said the company has acquired several other businesses and is in the process of integrating them - which typically takes 60 days - to 10club.

The startup, backed by Fireside Ventures, is on track to acquire 15-20 businesses in the near future.

“Every business that we look at today approximately grows at 60-70% year on year. So, they have found the traction and the product-market-fit. Generally, what's missing is they have not found a brand proposition, they have not started creating a community, and that stickiness has not started. 10club usually comes in at this intersection,” Suresh said.

“…but when you take a business from Rs 20 to Rs 100 crore, the processes, capital, and the structure that you need to do -- this is what we come in with.”

Thrasio-style play is modelled after US-based company Thrasio Holdings Inc, which acquires and scales brands on Amazon's marketplace.

In India, this model has picked up steam recently.

These startups have been backed by investors including SoftBank, Falcon Edge Capital, Flipkart's venture arm, and Tiger Global.

In the last 60 days of its operation as part of 10club, the brand has been launched on five online channels including Flipkart, FirstCry and Meesho's direct selling platform.

After scaling businesses on online marketplaces and helping brands build strong communities, 10club plans to take these ventures direct to consumers.

Kotak Mahindra Bank to acquire 9.9% stake in Kfin Technologies

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Kotak Mahindra Bank Limited has agreed to acquire 9.9% stake in KFin Technologies, a leading investor and issuer servicing platform, at an investment of ₹310 crore, the leading private bank said. The deal is subject to necessary approvals.

KFin provides financial technology solutions across a broad spectrum of asset classes spanning mutual funds, alternatives, insurance, and pension. It serves 25 out of the 44 Indian mutual fund AMCs, which have over $148 billion in AUM and 35% market share in equity AUM (up from 27% in March 2019).

This investment, Kotak Bank said, is in line with the lender's strategy of making minority investments in businesses that are professionally managed and have deep client entrenchment.

Dipak Gupta, joint managing director, Kotak Mahindra Bank said, "As a platform of choice for asset managers, investors and corporates, we believe KFin is well-positioned to continue growing its market position...We are excited about the future growth prospects of the business and believe that an investment in KFin, with its significant franchise, will create long-term value for our stakeholders."

KFin has been chosen as the partner for four of the last five AMCs licensed by the Securities and Exchange Board of India. KFin serves 23 mutual funds and pension managers across Asia (ex-India) including Malaysia, the Philippines, Singapore and Hong Kong. It is also a leading player in the alternatives and private wealth management space, serving over 300 AIF schemes launched by over 100 fund managers.

The company also serves over 550 listed and over 3,700 unlisted corporates with over eight crore folios in India as a leading corporate registrar. KFin is also one of the two players providing central recordkeeping services to the National Pension System in India and is expanding in insurance transaction processing and fund administration.

M.V. Nair, chairman, KFin Technologies said, "KFin is uniquely positioned to leverage its decades of deep capital markets expertise to deliver a differentiated value proposition to the financial markets in India and abroad. Kotak Mahindra Bank's investment is testimony to the same. With Kotak Mahindra Bank's support, along with the continued support of General Atlantic, an existing shareholder of KFin, we shall be able to achieve greater heights in our technology, business processes, leadership depth and governance."

KFin's proprietary applications, big data technologies and hybrid cloud environment enable servicing of over 13 crore folios and processing of over 10 lakh transactions on a daily basis.

Sreekanth Nadella, CEO, KFin Technologies said, Kotak Mahindra Bank's shared vision to deliver outstanding value in a simple and straightforward manner, strongly complements KFin's commitment to provide unparalleled client outcomes on demand. "We believe this investment shall serve as a strong foundation for KFin to build next generation techfin solutions for financial infrastructure institutions. We are extremely proud to have been chosen by Kotak Mahindra Bank in the rapidly expanding financial infrastructure solutions market in India and abroad."

KEC International acquires Spur Infrastructure for ₹62 crores

Infrastructure major KEC International Ltd. an RPG Group Company, has entered into a definitive agreement to acquire 100% equity in Spur Infrastructure Private Limited for an enterprise value of Rs. 62 crores subject to customary adjustments at closing, the company said today. The acquisition is expected to be completed within 60 days from the date of agreement.

Spur Infra, incorporated in 2016, is an Indian EPC company engaged in setting up cross-country oil & gas pipelines and city gas distribution networks. In the last three years, Spur Infra has annual revenue in excess of Rs. 100 crores, a profitable track record, technical expertise, and experienced manpower. Spur Infra has an order book of ₹600 crores comprising of cross-country pipelines and city gas distribution network projects from marquee customers.

Acquisition of Spur Infra is in line with KEC's strategy to diversify into adjacent areas of growth, the company said.

Vimal Kejriwal, MD & CEO, KEC International Ltd. commented, “We launched the oil and gas pipelines EPC business in line with the Government's thrust in the sector and our strategy to diversify the business portfolio into adjacencies. This acquisition will enable us to accelerate growth in this sector and establish this business as one of our key growth drivers going forward."

KEC's has extensive experience of executing cross-country linear projects and managing Right of Way (RoW). Along with Spur Infra's technical know-how, experienced manpower and relevant pre-qualifications KEC said it will be able to capture the lucrative growth opportunities in the oil and gas cross-country pipelines EPC sector in India as well as in international markets.

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CCI clears Groww's acquisition of Indiabulls Asset Management Company

The Competition Commission of India (CCI) gave its approval for Nextbillion Technology Pvt Ltd's acquisition of Indiabulls Asset Management Company and Indiabulls Trustee Company. Nextbillion Technology (Groww Group) is India's investment tech platform.

The transaction involves a single share purchase agreement executed between the acquirer, Indiabulls Asset Management Company Ltd (IAMCL) and Indiabulls Trustee Company Ltd (ITCL) and the Indiabulls Housing Finance Ltd, as per a combination notice filed with the regulator.

IAMCL and ITCL are wholly-owned subsidiaries of Indiabulls Housing Finance.

Nextbillion will acquire a 100 per cent stake in both the entities and there are no other interconnected transactions, it added.

This is the first transaction in India under markets regular Sebi's new "sponsor" eligibility criteria for mutual funds.

Groww in May had said it would acquire Indiabulls Mutual Fund for a total of Rs 175 crore.

Groww becomes the first fintech to join the asset management space, months after markets regulator Sebi permitted digital platforms like fintechs to enter the mutual fund industry.

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Telecoms tycoon Drahi in talks to buy French satellite firm Eutelsat – sources

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Telecom's tycoon Patrick Drahi is in talks to buy French firm Eutelsat in a deal that would see one of his investment vehicles take direct control of the Paris-listed satellite operator, two sources familiar with the matter told Reuters.

Drahi is working with banks on the project and recently made a bid approach for Eutelsat which has a market value of 2.3 billion euros ($1.96 billion) and is backed by state investor Bpifrance with a 20% stake, the sources said, speaking on condition of anonymity.

Eutelsat, one of the world's leading commercial satellite operators, has turned down Drahi's initial proposal, one of the sources said, adding the price was deemed too low but talks remained active.

The Franco-Israeli businessman and founder of cable and mobile telecoms company Altice has held direct talks with Eutelsat's top investors, the sources said.

He recently reached out to the French government to seek approval for his takeover plan, one of them said.

Drahi, who started his career in the satellite industry, has no plans to merge Eutelsat with his telecom and media assets and would keep the French firm within a separate holding company, the sources said, pointing to the possibility of using this platform to pursue further deals in the fragmented satellite industry.

A shrewd dealmaker, Drahi recently received regulatory approval to take telecoms group Altice Europe private after its minority shareholders approved his buyout offer for the company.

In June he took a 12.1% stake in British telecom operator BT Group using newly created vehicle Altice UK.

Founded in 1977, Eutelsat has suffered five consecutive years of declining revenues and recently bought about 24% of British rival OneWeb for $550 million - the biggest deal since chief executive Rodolphe Belmer took office in 2016.

AstraZeneca buys rare disease drugmaker Caelum in potential $500 million deal

AstraZeneca will take full control of Caelum Biosciences in a deal worth up to $500 million, the drugmaker said, sharpening its focus on rare-disease drugs following its purchase of Alexion Pharmaceuticals.

The deal gives AstraZeneca access to another potentially lucrative rare disease drug that is undergoing late-stage trials and has a “fast track” status for regulatory review in the United States.

New Jersey-based Caelum will become part of AstraZeneca's Alexion division, the rare diseases specialist it bought for $39 billion earlier this year.

Alexion will pay $150 million to buy the remaining stake it does not already own in Caelum and make future payments of up to $350 million, depending on milestones achieved. Alexion took a minority stake in Caelum in 2019.

Caelum's drug candidate aims to treat AL amyloidosis, a rare, life-threatening disease that damages the heart and kidneys and affects an estimated 20,000 people across six Western countries.

The disease causes abnormal proteins called amyloids to build up in human organs and disrupt their normal

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function. Caelum's drug is a type of monoclonal antibody that binds to amyloid deposits to reduce or remove them and improve organ function.

"Since buying Alexion, AstraZeneca has had mixed fortunes with rare disease drugs under development. While it reported promising results from trials of a Wilson's disease drug, it abandoned trials for an amyotrophic lateral sclerosis drug after it failed to show efficacy.

Cabot, Cimarex shareholders approve merger to create oil & gas giant

Shareholders of Cabot Oil & Gas Corp and Cimarex Energy Co approved the proposed merger between the two companies to form one of the largest U.S oil and gas firms.

The merger, which was announced in May and pegged the enterprise value of the combined entity at about $17 billion, brings together Cabot's gas-rich Marcellus shale positions in the U.S. northeast and Cimarex's oil-heavy acres in West Texas, unlike most recent oil and gas deals that have been between companies with overlapping footprints.

The deal is expected to close in the fourth quarter of 2021, after which Cimarex shareholders would own 50.5% of the combined entity and Cabot shareholders the rest.

The companies said more than 99% of Cabot common shareholders and more than 90% of Cimarex shareholders voted in favor of the merger.

Influential proxy advisory firm Glass Lewis had recommended that shareholders of both Cabot and Cimarex vote to support the proposed merger, while Institutional Shareholder Services had cautiously recommended that shareholders of Cimarex vote for the deal.

Canada's CPPIB to buy Ports America from Oaktree to further infrastructure push

Canada Pension Plan Investment Board (CPPIB) said it had agreed to buy Ports America, one of the largest marine terminal operators in the United States, from investment firm Oaktree Capital Management LP.

While no valuation was given in the announcement statement, the deal values Ports America at over $4 billion, according to two sources familiar with the matter.

The transaction comes amid heightened interest in logistics, with supply-chain disruption in focus as the global economy recovers from the paralysis caused by the coronavirus pandemic.

"There are lots of tailwinds for logistics assets writ large, but our approach is for the long term and so this type of strategic ports asset will be important to the U.S. for decades to come," Scott Lawrence, head of infrastructure at CPPIB, said in an interview.

Under the terms of the deal, which is expected to close by the end of the year, the Canadian pension manager will take full ownership of Ports America.

CPPIB had previously held a 9.4% stake in Ports America.

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The pension fund also owns a 34% stake in Associated British Ports, as well as stakes in toll roads, utilities and digital infrastructure providers in the Americas, Europe, Asia and Australia, according to its website.

Alternative asset manager Oaktree has controlled Ports America since 2014, when it acquired Highstar Capital and the infrastructure-focused investor's funds, which included the Jersey City, New Jersey-based ports operator.

Netflix buys its first game studio with purchase of Night School

Netflix Inc., which has made video games a priority for expansion, acquired its first game developer with the purchase of Night School Studio.

The streaming giant announced the deal on its website. Night School confirmed the purchase separately on its own site, saying it's "a surreal honor to be the first games studio to join Netflix." Terms of the acquisition weren't disclosed.

Founded by Sean Krankel and Adam Hines in 2014, Night School Studio is known for its debut title, the supernatural mystery adventure Oxenfree. Netflix plans to make games a part of its subscription, with no ads or in-app purchases.

The deal shows Netflix is advancing on its ambition to make video games an important extension of its online streaming business. The timing of its debut in that business is still up in the air, Co-Chief Executive Officer Ted Sarandos said at a conference Monday.

Heidelberg Cement buys 45% of construction software firm Command Alkon

Heidelberg Cement, the world's second-largest cement maker, said it has taken a 45% stake in U.S.-based Command Alkon, which provides software and technology needed to manage construction materials' supply chains.

Thoma Bravo, one of the largest software-focused private equity firms, will keep a 55% in the company, which HeidelbergCement said has the biggest installed software base in the global construction materials sector.

"Our goal is to become the first industrial-tech company in our industry. With this partnership we believe we can set a standard for the heavy construction materials industry," HeidelbergCement CEO Dominik von Achten told Reuters.

"The investment in Command Alkon and the partnership with Thoma Bravo now allows us to monetize the hidden potential of our assets and translate it into a new growth path for HeidelbergCement."

HeidelbergCement a year ago outlined its new corporate strategy based on the two trends of climate change and digitalisation in a bid to transform its business in one of the most CO2-intensive industries worldwide.

Command Alkon's portfolio includes software and technology for plant and site automation, materials ordering and scheduling, inventory and mix management, trucking logistics and fleet optimization as well as office and field operations.

Thoma Bravo acquired Command Alkon for an undisclosed sum last year.

"We are so excited to partner with HeidelbergCement, who is the clear industry leader in terms of digital

transformation, to further support Command Alkon's growth strategy and transform the heavy building materials industry," A.J. Rohde, senior partner at Thoma Bravo, said.

Chinese battery maker CATL to acquire Canada's Millennial Lithium

Canada's Millennial Lithium Corp said late Chinese battery maker Contemporary Amperex Technology Co Ltd (CATL) has agreed to buy the miner for C$376.8 million ($297.3 million), after outbidding compatriot Ganfeng Lithium.

CATL had proposed an offer of C$3.85 per share in cash earlier this month, Argentina-focused Millennial Lithium said, outbidding the C$3.60 per share offer made in July by Ganfeng, one of the world's biggest producers of lithium chemicals used in electric vehicle (EV) batteries.

The outright acquisition of a lithium miner by CATL follows its purchase of stakes in Argentina-focused lithium company, Neo Lithium Corp, as well as in Greenland-focused North American Nickel and Australia's Pilbara Minerals as it looks to shore up supply of key battery ingredients.

CATL, which supplies to carmakers Tesla Inc and Volkswagen AG, said that the acquisition is to secure a stable long-term supply of lithium.

In April, CATL said its subsidiary agreed to take a stake in China Molybdenum Co's Kisanfu mine, a major source of battery metal cobalt, in the Democratic Republic of Congo (DRC) for $137.5 million. Millennial Lithium said the Chinese battery maker has also reimbursed it for the termination fee of $10 million paid to Ganfeng, which had until Monday to match the higher bid but decided against it.

CATL's late charge puts the brakes on a prolific acquisition spree by Ganfeng so far in 2021, which has seen it agree to buy the shares it does not already own in Mexico-focused Bacanora Lithium for $264.5 million, as well as stakes in a lithium mine in Mali and a salt lake in China for $130 million and 1.47 billion yuan, respectively.

The deal also comes as prices for battery-grade lithium carbonate in China have more than tripled so far this year as EV demand roars back from the pandemic fallout.

JPMorgan Chase acquires college financial planning platform Frank

JPMorgan Chase & Co said it had acquired Frank, a college financial planning platform used by over 5 million students in the United States.

The deal is the latest in a string of acquisitions by the largest U.S. bank and will allow the bank to deepen ties with students, it said.

In recent months, the bank has also bought British digital wealth manager Nutmeg, ESG-focused fintech OpenInvest and the Infatuation, owner of the restaurant review brand Zagat.

Frank was founded in 2017 by its then 24-year-old chief executive officer, Charlie Javice, who will continue to lead the firm. Javice will join the bank as head of student solutions on the digital products team, JPMorgan Chase said.

Mphasis acquires US-based Blink UX for $94 mn in an all cash deal

Blackstone-backed IT services player Mphasis announced the acquisition of Blink UX, a user experience research, strategy, and design firm headquartered in Seattle, with over 130 employees for a consideration of $94 million (over Rs 680 crore) in an all cash deal. This will boost Mphasis' experience competencies with end-to-end capabilities in UX experience.

“Customer centricity is foundational to Mphasis and is reflected in Mphasis' Front2Back Transformation approach. The acquisition of Blink, consistent with our M&A focus, is in the forefront of providing well researched design and high impact digital experiences to our clients and their end customers,” said Nitin Rakesh, CEO and executive director, Mphasis.

“The total addressable market for the upstream user research, strategy and design is growing 25-30 per cent p.a. i.e., 4-5x the overall IT Services market. There is significantly increased focus on customer/ user centered design in the current environment. The synergy opportunity set will revolve around Product, Experience & Service design, as well as the end-to-end implementation services across the spectrum of clients & industries we service together,” he added.

Founded in 2000, Blink has over two decades of expertise using its evidence-driven Design SM process to define digital user experience for clients. The company also has additional studios in Austin, Boston, San Diego, and San Francisco.

“Designing products that meet user needs, and are friction free, is how we delight customers and enrich their lives through technology. We are so thrilled to now have Mphasis' engineering skills as part of our core, providing end-to-end services for our clients and following our designs through to launch,” said Blink CEO, Karen Clark Cole.

Cygnet Infotech acquires UK-based tax tech firm euVAT; builds foothold in Europe

Indirect tax solution provider Cygnet Infotech has closed an acquisition deal with UK-based euVAT Online that provides cloud-based VAT technology solutions.

Announcing the deal, Cygnet said the euVAT management team will now join its UK-based subsidiary. The acquisition will lead to an enhanced ground presence and new customer base for Cygnet Infotech across the UK and rest of Europe, as well as support Cygnet Infotech's India customers for their global VAT filings, the Ahmedabad-based company said.

This newly acquired solution after the deal will allow corporates and tax advisors to manage their VAT reclaims, report management for the VAT returns, and directly link and integrate their Amazon systems to convert multi-country transactions into compliant VAT returns to respective authorities, Cygnet added.

The company said the euVAT product is extensively used by CFOs and tax managers of top blue-chip companies and by leading international tax advisors. It provides solutions for all aspects of professional back-office support for indirect tax filing, Cygnet further said.

“Cygnet Infotech will continue to build a region-centric and portfolio-centric strategy to meet new market opportunities and we wish to become the most trusted global tax technology solution provider in the years to come. We are really excited to have reached new markets like Middle East, UK and rest of Europe after providing our solutions to more than 500+corporates in the past," said Niraj Hutheesing, Founder and Managing Director, Cygnet Infotech.

Cygnet Infotech has strengthened its roots in the Middle East with its recently launched e-invoicing platform for the Kingdom of Saudi Arabia. It is accredited as a "qualified solution" with the General Authority of Zakat

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and Tax (GAZT). It will now provide technical solutions for the issuance of electronic invoices and electronic notes. This will enable taxpayers to comply with the implementations of the electronic invoicing system in Kingdom of Saudi Arabia.

PE group Advent to buy Eureka Forbes from Shapoor Pallonji Group for Rs 4,400 crore

Private equity group Advent International has agreed to buy Eureka Forbes, the consumer durables flagship of the diversified Shapoorji Pallonji (SP) Group, for an enterprise value of Rs 4,400 crore.

The sale will further help the leveraged 154-year-old construction and real estate conglomerate pare debt and focus on core operations. The loss-making business, currently, a subsidiary of listed Forbes & Co. will be spun out through a National Company Law Tribunal (NCLT) approved demerger process and then be listed on the BSE Limited. Upon listing, Advent will purchase up to 72.56% of the Company's then outstanding stock on a fully diluted basis from SP Group. Advent will thereafter make an open offer in compliance with applicable regulations. The transaction is subject to closing conditions and receipt of relevant statutory and regulatory approvals.

Advent trumped Warburg Pincus and Swedish home appliance maker Electrolux, a former JV partner of Eureka Forbes, in the last lap of the competitive process, said people involved.

"Eureka Forbes Limited is the No. 1 player in an under-penetrated market poised for strong growth over the next several years," said Shweta Jalan, Managing Director, Advent India PE Advisors Private Limited. "Their Aquaguard brand is a household name in water purification, helping safeguard the health and well-being of a large segment of the Indian population."

Eureka Forbes is among the largest vacuum cleaner and water purifier brands in India, with 20 million customers across 35 countries. Despite an early mover advantage, increasing competition, lack of focus, a heightened cost structure and negligible capital investments resulted in the company losing market share to local and global players in both the mass and premium segments. In FY 21, the business generated Rs 2,857 crore of revenue while notching up a net loss of Rs 78 core. However, the company has managed to shrink this by 76% year-on-year while increasing operating profit six fold in the same period. The company's attempts at global expansion through an acquisition in Switzerland had boomeranged with the management being forced to restructure the business and write off two significant investments in Europe and Asia.

Having delivered innovative products and solutions for our ever-growing customer base, we are now buoyant about the opportunity to unlock further growth and are excited to embark on this new journey with the promise of a better tomorrow." said Mr. Marzin R Shroff, Managing Director & CEO, Eureka Forbes Limited.

The divestment is part of the group's initiative to strengthen the consolidated balance sheet. ET in its September 8 edition reported that the Mistry family is exploring a sale of their stake in Sterling Wilson Solar, the group's solar energy engineering, procurement and construction (EPC) arm as part of this restructuring exercise.

Byju's buys coding site Tynker to beef up US expansion

Byju's has acquired US-based coding platform Tynker in a stock-and-cash deal, as India's most valued edtech startup continues to expand operations globally.

Neither of the companies disclosed the financial terms, but a person briefed on the matter said Byju's was paying \$150-\$200 million (Rs 1,100-1,470 crore) for Tynker. The acquisition will enable Tynker to introduce its creative coding platform to more kids, educators, schools and coding camps globally, Byju's said in a statement.

The Bengaluru-headquartered start-up has spent more than \$2 billion in the last few months for acquisitions in India and abroad.

"We have been looking at their product for a long time. They have built a strong community of students—those who love to code," founder and chief executive Byju Raveendran told. What we are getting here is a strong asynchronous platform complementing synchronous expertise which we have through WhiteHat Jr—a combination of this creates more options for students."

The acquisition will give Byju's access to more than 60 million students and over 100,000 schools in Tynker's existing global user base, according to the statement.

Over the last year and a half, Byju's has acquired two other edtech companies as well in the US— digital reading platform Epic and educational gaming company Osmo. All three deals map back to Byju's goal of investing \$1 billion in the US edtech market over the next three years, the statement added. "All the three acquisitions are different and complementary to each other. We are not making these integrations to neutralise competition. These are skill-sets we don't have, and marketing expertise we don't have," Raveendran said.

"With the \$1 billion, we will also be investing in scaling these platforms—building brand awareness for Byju's in the US in the next 12 to 18 months," he said.

Byju's has acquired around 15 companies since it was founded in 2011. Earlier this month, the company announced the acquisition of Gradeup, an online exam preparation platform.

In April, Byju's launched 'Future School', an offering through which it is expanding its presence in the US, UK, Brazil, Indonesia and Mexico.

The startup, valued at \$16.5 billion after its last funding round in April, is currently in talks with investors to raise \$1.5 billion at a valuation of around \$21 billion, according to people in the know. Raveendran declined to comment on its latest fundraising talks.

Zenoti acquires SuperSalon, sets aside over \$100 million for acquisitions

Zenoti, which develops software for large spas and salon chains, has acquired US-based SuperSalon, a salon management software solutions provider.

The acquisition is aimed at bolstering its revenue, Zenoti founder Sudheer Koneru told ET, without commenting on the terms of the deal.

It is intended to help Zenoti—which works with large salon and spa chains across the US—strengthen its presence among large standalone salons that have been using SuperSalon in the US.

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Koneru told ET that this is the first of several planned acquisitions and that the company has set aside around $120 million for inorganic growth.

“This acquisition is in line with the strategy we put forth upon receiving our Series D funding from Advent and TPG. As we had planned, the additional capital enables us to continue to expand our platform through M&A and SuperSalon is the first of several planned,” he said.

After becoming a unicorn late last year, the Hyderabad- and Seattle-based company raised another $80 million in June led by TPG following which it was valued at $1.5 billion, ET reported previously.

The combined entity will power over 15,000 spas, salons and med-spas, including leading national chains in the market. Zenoti has raised around $350 million till date, including the funding round in June.

Tata Realty buys out Actis' equity stake in project Intellion Square in Mumbai

Realty developer Tata Realty & Infrastructure Ltd (TRIL) has bought out the entire equity stake held by global investor Actis' affiliate Actis TREIT Holdings No. 2 (Singapore) in its commercial project Intellion Square in Goregaon suburb of Mumbai in an all-cash deal.

In addition to equity stake, the developer has also acquired 416 listed non-convertible debentures (NCDs) held by Actis TREIT Holdings No. 1 (Singapore) in the project that was earlier known as TRIL IT4.

“The deal for the 26% equity stake has pushed the project's valuation to around Rs 1,200 crore,” said one of the persons with direct knowledge of the development.

The project was part of a joint venture between Tata Realty and Actis that invests in and develops new generation offices in established commercial markets across India's major cities.

“We remain steadfast in our commitment to strengthen our commercial portfolio. This transaction is a testament to our confidence in the Indian commercial real estate sector. This deal is in line with our endeavour and expansion strategy for our commercial portfolio,” said Sanjay Dutt, MD & CEO, TRIL. He declined to comment on the size and valuation of the deal.

Following this transaction, TRIL now owns 100% stake in the project, which owns and operates an information technology (IT) building, located in the micro market of Mumbai's Malad suburb. It is an 0.8 million sq ft completed building leased to tenants, largely from the technology and banking, financial services and insurance (BFSI) sectors.

“Actis' joint venture with Tata Realty has delivered its first successful exit at a time of significant short-term disruption but where strong long-term fundamentals in the Indian office market still exist. With the right partner quality and strategy in the mix, supported by our active asset management approach, we look forward to further successes in our joint venture,” said Ashish Singh, Partner in the Asia Real Estate team at Actis.

The transaction is the second office exit by Actis during the Covid-19 pandemic, after another exit it had completed last year during the peak of the pandemic in Seoul, Korea.

Both the exits have delivered robust returns and enforce Actis' strategy of working with high quality partners, in

bringing new generation office assets at competitive prices to its markets.

"TRIL & Actis have a long-standing platform level partnership with investments across multiple assets and it has been a mutually enriching experience. With this successful exit, TRIL has demonstrated its capability to create shareholder value for pre-eminent investor partners," Dutt added.

Aon increases stake to 100% in Aon India Insurance Brokers

NYSE listed Aon plc, a global professional services firm providing a broad range of risk, retirement and health solutions, has increased its stake in Aon India Insurance Brokers by acquiring the 51 per cent stake from Catamaran Ventures. With this Aon plc has acquired 100 per cent stake in the company. The financial details of the deals were not disclosed.

Aon had acquired 49 per cent stake from former Infosys chairman N R N Murthy's Catamaran Ventures in 2020. The company was then known as Anviti Insurance Brokers Private Limited and was founded by Catamaran in 2016. Subsequently, it was rebranded as Aon India Insurance Brokers Private Limited in June 2021.

Jonathan Pipe, CEO, Aon India Insurance Brokers said, "We have strong local capabilities and have nurtured trusted advisory relationships in India. We are committed to addressing unmet client needs and look forward to continuing to bring the best of Aon to a dynamic market."

With the acquisition of 49 per cent stake in Anviti Insurance Broking, Aon plc had re-entered the Indian insurance broking market.

Sandeep Malik, Executive Chairman, Asia Pacific, Aon, said, "We are delighted to reach this milestone following our initial investment last year. This step reaffirms Aon's commitment to the Indian market and further enables us to create new sources of value for our clients, accelerate innovation and deliver a unique colleague experience. We are happy to have worked with Catamaran, which built the foundation to deliver immense client value with utmost integrity."

M.D. Ranganath, President, Catamaran Ventures, said: "In a short period of time, Aon India Insurance Brokers has established itself as a leading, well-respected corporate insurance broking firm in India. We would like to thank Aon for the successful collaboration over the years and wish them a rewarding journey ahead."

Persistent Systems to acquire SCI, Shree Infosoft for $60 million

IT firm Persistent Systems said its US subsidiary will acquire North Carolina-based Software Corporation International (SCI) and its affiliate, Fusion360 for USD 53 million - a move that will bolster its expertise in serving banking, financial services, and insurance (BFSI) clients.

The Pune-based company has also announced the acquisition of the business of New Jersey-based Shree Partners, including its subsidiary in India for USD 6.87 million.

"With the addition of SCI and Fusion360, we are forming a new Payments business unit and expanding our BFSI expertise as well as client portfolio," he added.

In a regulatory filing, Persistent said Persistent Systems Inc, USA - a wholly-owned subsidiary of the company has entered into a Stock Purchase Agreement with Software Corporation International and its affiliate, Fusion360 LLC to acquire Software Corporation and Fusion360 (together referred to as SCI).

The acquisition is subject to customary closing conditions which are expected to be completed within two weeks, it added.

The total purchase consideration payable for the acquisition of SCI is USD 53 million, which includes an upfront payment of USD 34.45 million to shareholders of SCI (subject to customary adjustments for working capital, debt, and cash on closing), earnout (shareholders of SCI will be eligible for a maximum amount of USD 5.96 million per annum over next two years) and retention payment.

The filing noted that the earnout amount is contingent on the achievement of certain performance thresholds.

Talking about the deal with Shree Partners, Kalra said the transaction expands "our Cloud and IT Infrastructure capabilities in BFSI and Travel and Hospitality".

"Importantly, these acquisitions bring us new points of presence in Charlotte, North Carolina, and the National Capital Region (NCR), India, bringing in new digital transformation talent to serve our clients, he added.

The filing noted that Persistent Systems has entered into an agreement with Shree Infosoft to acquire its business.

Along with this transaction, Persistent - through its wholly-owned subsidiary in the US - will acquire certain assets from Shree Partners LLC, USA, which is the parent company of Shree Infosoft.

The acquisition is subject to customary closing conditions, which are expected to be completed within 3-5 weeks, the filing said.

"The acquisition provides strategic benefits by enabling Persistent to deliver critical services to a strategic client which is a leader in the global claims management industry. Shree's expertise also expands Persistent's BFSI footprint in the cloud, data, and infrastructure domains," the filing said.

This acquisition also adds a new delivery location for Persistent in the National Capital Region (NCR), it added.

In addition to the upfront of USD 2.37 M in the US and USD 1 million (Rs 7.35 crore) in India, contingent consideration will include earnout (shareholders of Shree Partners LLC will be eligible for a maximum amount of USD 1.5 million per annum over the next two years) and retention payment, wherein key employees will be eligible for an aggregate amount of USD 500,000 over the next three years.

The earnout component is contingent on the achievement of certain performance thresholds, the filing said.

US-based PE fund CVC Cap leads race to buy Sajjan India

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US-based private equity fund CVC Capital is now the frontrunner to acquire Sajjan India Ltd, one of the country's largest agrochemical makers, having signed an exclusivity pact with the promoters and outbidding the other prime contender, Bain Capital.

Gujarat-based Sajjan is a contract manufacturer of active ingredients (agro), electronic chemicals, specialty chemicals and intermediates, having applications across agrochemicals, pharmaceuticals and dyestuff.

Other contenders that participated in the first round of talks include bulge-bracket PE funds KKR, PAG, Advent, Temasek and Carlyle.

"Both sides have entered into a deal exclusivity for bilateral negotiations before a formal announcement is made before the end of next month," one of the people cited above told ET.

Sajjan India has an estimated revenue of ₹1,400 crore and an operating profit (EBITDA) of ₹560 crore for FY22, said one of the sources. It reported net sales of about ₹900 crore in FY20, with an EBITDA of ₹315 crore.

Founded in 1975, Sajjan India diversified into chemicals in 1983 with the manufacturing of dye intermediates and textile auxiliaries for the export market. In 1985, a tie-up with Hoechst AG was established for supplying dye intermediates. In 1997, Sajjan India consolidated its operations at the current site in Ankleshwar and further diversified into manufacturing of agrochemical intermediates in 2001.

In 2003, Sajjan India ventured into manufacturing customer patented products under technology transfer agreements.

If the deal were to materialise, it would be the third acquisition of CVC Capital in India. CVC manages $114 billion of assets across the world, and it made two acquisitions in India - cancer care chain Healthcare Global Enterprises and legal services firm UnitedLex BPO. Established in 1981, CVC's private equity platform manages $86.6 billion of assets.

Aceso Company Pte. Ltd, the investment arm of CVC Capital, holds about 54% stake in Healthcare Global Enterprises, which has a market capitalization of ₹3,025 crore. CVC acquired UnitedLex in 2018 for $200 million in its debut deal.

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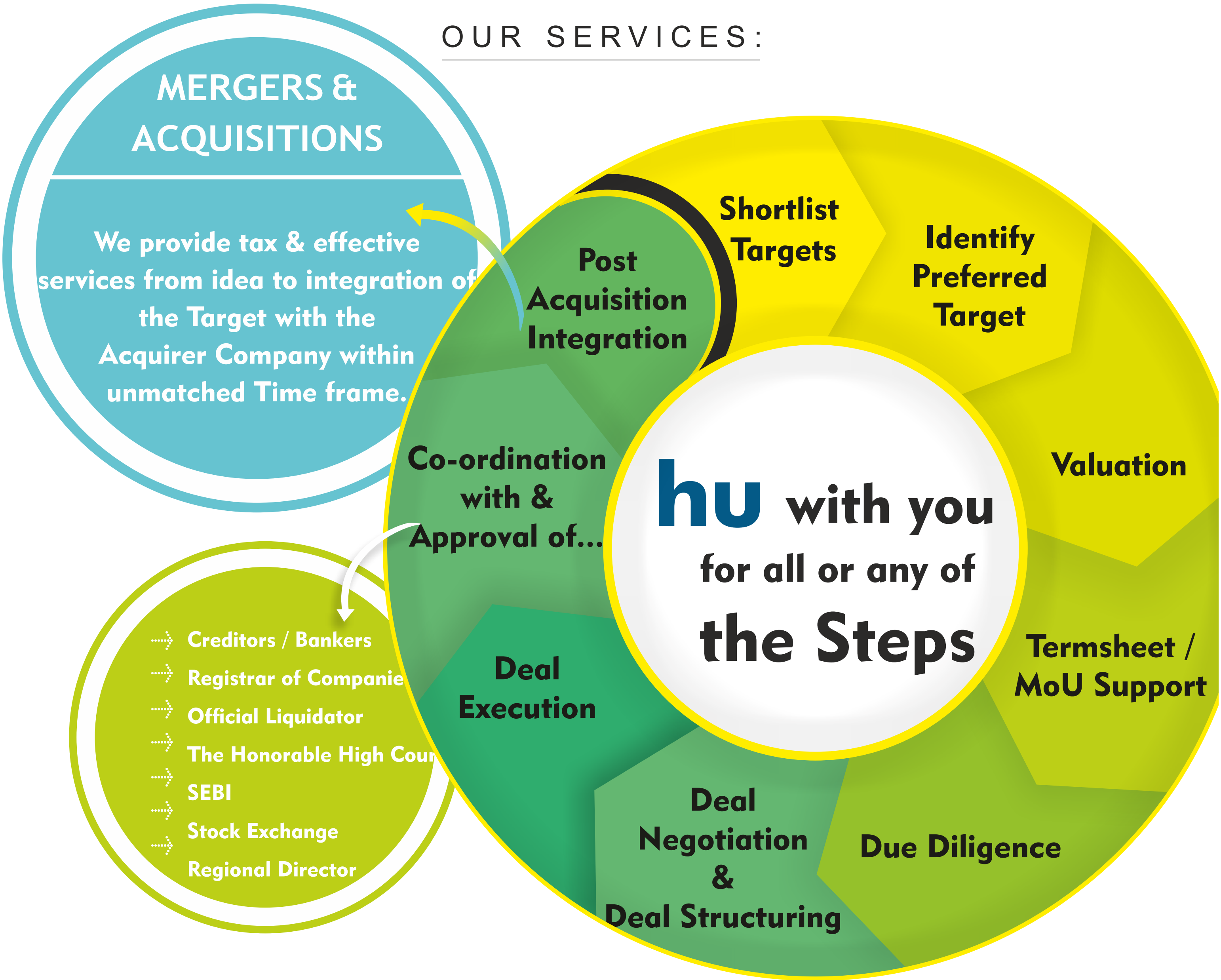

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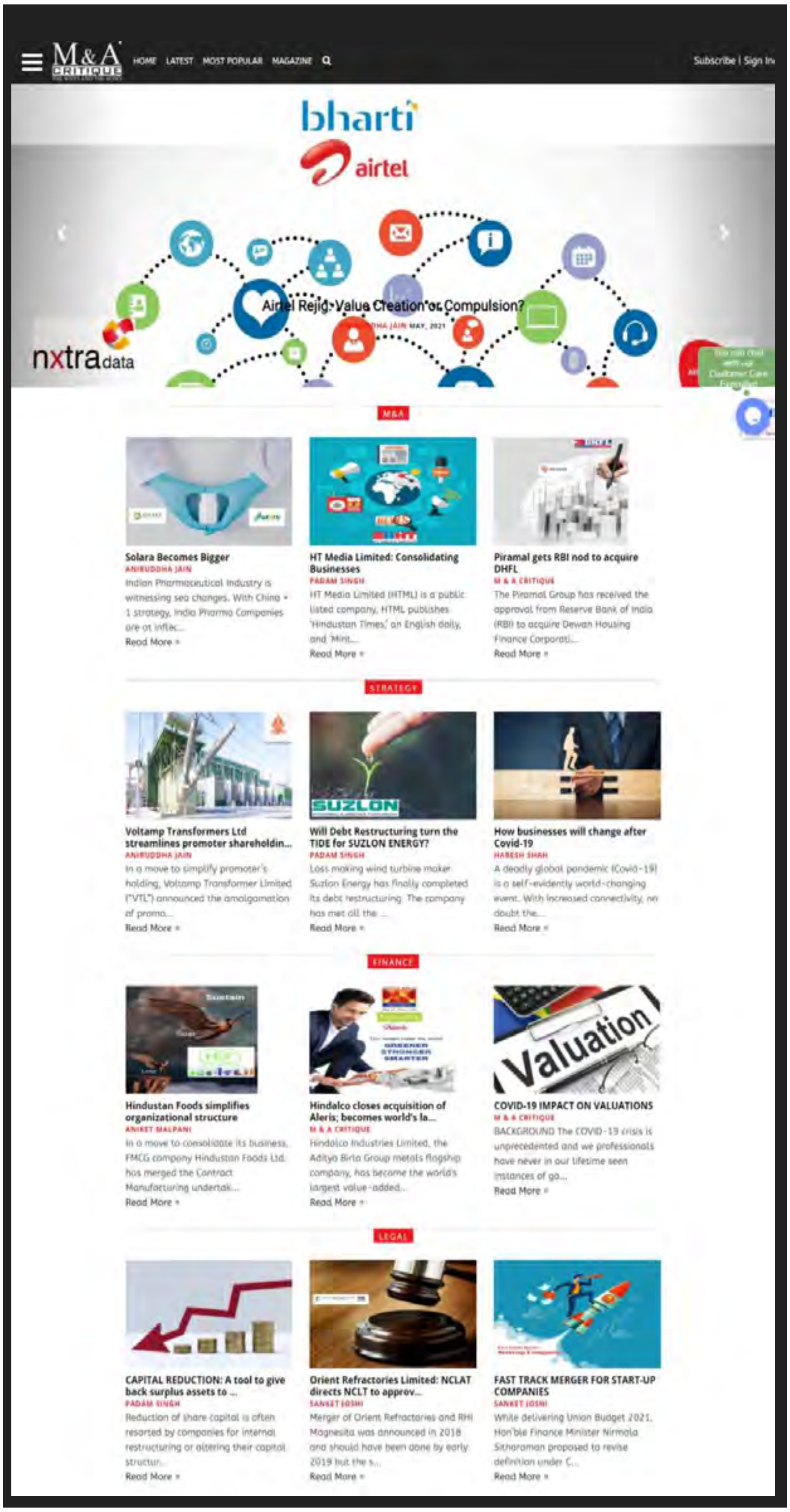

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